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5 June 1986

MEMORANDUM FOR THE RECORD

SUBJECT: Luncheon Meeting with Deputy Secretary of State
Whitehead on Friday, 30 May 1986

1. Attendees from State included Deputy Secretary Whitehead, Under Secretary Armacost, Director of INR Morton Abramowitz and from CIA, the DCI, DDCI, DDO, DDI [redacted] 25X1
2. Mr. Casey discussed the upcoming NSC meeting on leaks. He indicated the basic objective was to establish a mechanism for recording meetings with the press, develop a more aggressive investigative unit within the FBI to follow up on leaks, and to generally improve the discipline within the system. He asked Secretary Whitehead what could be done to control the free movement of the press and to tighten up the system. Secretary Whitehead supported the procedures outlined by the DCI. He did express some doubt about limiting the number of people who could talk to the press because of the demands for Bureau chiefs to aggressively promote US policy objectives. But he had no problem with accountability for contacts with the press and disciplinary action for those who violate the rules. [redacted] 25X1
3. The DDCI expressed some concern about the sale of UPI to an associate of former Mexican President Echeverria. After some discussion, Secretary Whitehead agreed to address problems, possibly raising the issue of sale with the judge involved in the UPI bankruptcy proceedings. [redacted] 25X1
4. Mr. Casey said we needed to change the image of the Contras as a rag-tag group with little or no capability to challenge the regime. He indicated the Contras have real strengths. Like other insurgency groups, their strength is in disrupting and undermining support for the regime rather than in a frontal assault. Secretary Whitehead thought a paper addressing the strengths of the Contras would be helpful during the upcoming debate. [redacted] 25X1
5. The DCI also raised the question about using the OAS as the forum for negotiations with the Sandinistas. Secretary Whitehead expressed some concern that our involvement in this forum would make us a direct party to the process rather than [redacted] 25X1

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allow us to step back and judge the results on its own merits. Mr. Casey did indicate, however, that he plans to pursue this issue. [redacted]

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6. There was some discussion about the Mexican economic situation. The DDCI indicated that during earlier discussions of this issue Treasury had been a bit optimistic about the economic outlook. Under Secretary Armacost indicated that Treasury had turned around somewhat and was now deeply concerned about the possibility that Mexico would not be able to reach agreement with the IMF and might default on its debt repayment. [redacted]

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[redacted]
Richard J. Kerr

Deputy Director for Intelligence

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(MEETING) ~~+~~(BREAKFAST) With Dep Secty/State Whitehead, 30 May '86 (Luncheon)
on _____.

DISSEMINATION:

1 - Complete to each: Dir, Exec Staff (W/ Distribution Sheet)
DCI
DDCI (W/Distribution Sheet)
EXDIR (EYES ONLY)
DDI (EYES ONLY)
DDO (EYES ONLY)
ES (With Distribution sheet)

Additional Dissem and Paragraph classification:

| PARA | CLASSIFICATION | ADDITIONAL DISSEM |
|------|----------------|-------------------|
| 1 | AIUO | --- |
| 2 | C/NF | --- |
| 3 | C/NF | OGC |
| 4 | C/NF | --- |
| 5 | C/NF | --- |
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OVERALL CLASSIFICATION: ~~CONFIDENTIAL~~

OTHER: _____

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